

# James Walker Pension Scheme

## Engagement Policy Implementation Statement

### **Introduction**

This statement sets out how, and the extent to which, the Stewardship policy in the Statement of Investment Principles ('SIP') produced by the Trustee has been followed during the year to 30 November 2020. This statement has been produced in accordance with The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018/2019 and the guidance published by the Pensions Regulator.

### **Investment Objectives of the Scheme**

The Trustee believe it is important to consider the policies in place in the context of the investment objectives they have set. As set out in the SIP, the Trustee's primary investment objective for the Scheme is to ensure the Scheme's assets and future contributions are invested in such a manner that the benefits due to members and their beneficiaries can be paid from the Scheme as they arise. In addition, the Trustee also considers the following as investment objectives:

- To return the Scheme funding level to 100% of the projected past service liabilities and then to maintain this funding level;
- To provide suitable investment returns subject to the agreed level of risk, and by doing so, to minimise the level of contributions required of the employer; and
- To pay due regard to the interests of the sponsoring employer in relation to the funding of the Scheme.

### **Investment Strategy**

During the course of the financial year, the Trustee did not make any changes to the Scheme's investment strategy.

### **Review of the SIP**

The Scheme's SIP was updated over the course of the year. The changes made to the SIP reflect new requirements under The Occupational Pension Scheme (Investment and Disclosure) (Amendment) Regulations 2019 relating to the following:

- How arrangements with the asset managers incentivise the asset managers to align their investment strategy and decisions with the Trustee's policies in SIP.
- How those arrangements incentivise the asset managers to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with issuers of debt or equity in order to improve their performance in the medium to long-term.
- How the method (and time horizon) of the evaluation of asset manager's performance and the remuneration for asset management services are in line with the Trustee's policies mentioned in the SIP.
- How the Trustee monitors portfolio turnover costs incurred by the asset manager and how they define and monitor targeted portfolio turnover or turnover range.
- The duration of arrangements with the asset managers.

### **Policy on ESG, Stewardship and Climate Change**

The Trustee understands that they must consider all factors that have the potential to impact upon the financial performance of the Scheme's investments over the appropriate time horizon. This includes, but is not limited to, environmental, social and governance (ESG) factors.

The Scheme's SIP includes the Trustee's policy on ESG factors, Stewardship and Climate Change. The policies were last reviewed in September 2020. The Trustee keeps its policies under regular review with the SIP subject to review at least triennially.

### **Engagement**

In the relevant year the Trustee has not engaged with the underlying pooled fund managers on matters pertaining to ESG, stewardship or climate change. However, the Trustee reviews the stewardship and ESG policies of the Fund managers periodically.

### **Voting Activity**

The Scheme has no direct relationship with the pooled funds it is ultimately invested in, and therefore no voting rights in relation to the Scheme's investments. The Trustee has therefore effectively delegated its voting rights to the managers of the funds that the Scheme's investments are ultimately invested in.

The Trustee has not been asked to vote on any specific matters over the Scheme year.

Nevertheless, this Statement sets out a summary of the key voting activity of the pooled funds, for which voting is possible (i.e., all funds which include equity holdings), in which the Scheme's assets are ultimately invested.

We note that best practice in developing a statement on voting and engagement activity is evolving and we will take on board industry activity in this area before the production of next year's statement.

The table on the following page sets out a summary of the key voting activity over the financial year:

Fund	Proxy voter used?	Votes cast			Most significant votes (description)	Significant vote examples
		Votes in total	Votes against management endorsement	Abstentions		
<b>Baillie Gifford Diversified Growth Fund</b>	Baillie Gifford do not use a proxy voter. However, they are cognisant of the recommendations made by proxy voters (ISS and Glass Lewis).	852 eligible for (93.90% cast)	159	11	A dissenting vote, i.e. where a vote is cast against (or abstained from) a management – tabled proposal or where support is given to a shareholder – tabled proposal not supported by management.	Baillie Gifford have provided a number of examples. These were predominantly where Baillie Gifford had voted against election of a director, controversial equity issuance, changes to remuneration benefits or opposing mergers and acquisitions. (For example, Covivio REIT, Baillie Gifford voted against the proposed long term incentive scheme because it could lead to rewarding under-performance).
<b>LGIM World Equity Index Fund</b>	ISS's 'ProxyExchange' electronic voting platform is used for voting execution.	26555 eligible for (99.63% cast)	5027	45	No specific definition has been given for a significant vote.	LGIM have provided a number of examples. These were predominantly where LGIM had voted against election of a director or changes remuneration benefits.  (For example, The Procter & Gamble Company (P&G) – a vote 'for' was cast to support the effort to eliminate deforestation.)